

Britain's Most Admired Leader

Hard evidence of how corporate reputation correlates with profitability has been consistently proven by over 25 years of the largest peer review of its kind: Britain's Most Admired Companies.

For the first time, Britain's Most Admired Leader is a woman: Dame Carolyn McCall, CEO of easyJet. She attributes her success to her team as well as a winning business model.

Angela Podmore MCIPR, founder of Kinetic which sponsored the award, examines the airline leader's recipe for consistently building a reputation so many admire as well as citing Southwest Airlines and Delta as fellow exemplars as well as Unilever.

One of the challenges facing any organisation with a sizeable mobile workforce spread across the world, is how to keep your team happy in every regard – from the bureaucratic to everyday issues – while getting the job done in a way which generates meaningful profits.

Why Reputation Counts

Reputation correlates with profitability. The more people who admire you, the more money you make.

American operator, Southwest Airlines is among the companies proving the reputation/profit correlation point. It's long been recognised as fostering a culture of employee engagement, transparency and communications as well as performing to key financial metrics such as sound revenue per available seat miles.

The airline puts employees first. Customers come second.

Those in the frontline are given the knowledge and skills they need to do what it takes to delight and amaze their customers as well as resolve issues quickly, safe in the knowledge their boss supports them. That makes them more loyal, committed and raving advocates of the brand.

In February (2015), they confirmed they'd made record profits and were intending to match that result with a record profit share of \$620 million by the end of April. That would work out as eight weeks of pay.

Meanwhile, American Airlines is in contract talks with ground workers with the unions accusing management of stalling tactics. Southwest had its own issues – most recently with flight instructors which



Dame Carolyn McCall. Image © Sam Peach

has been tentatively resolved within a month – but never had to suffer a strike.

The global leader in loyalty currency management – Points – recently renewed its multi-year agreement to power Southwest Airlines' business incentive programme: Rapid Rewards. Its helped the airline build one of the industry's most loyal customer bases as they collect, share and redeem points.

Now into its millions, the reward scheme is all part of Southwest's vision to provide a unique and outstanding customer experience.

Another airline enjoying a strong reputation from every perspective – customer, investors, regulators and team alike – is easyJet.

"easyJet is a safety business and trust in easyJet is paramount. Reputation is everything," says Dame Carolyn McCall as the airline celebrates its 20th anniversary.

For 25 years, Prof Mike Brown of Leeds Business School at Leeds Beckett has proved this through his research with corporates as part of Britain's Most Admired Awards.

Britain's Most Admired Company: Unilever

Of the Most Admired Company - Unilever - Professor Michael Brown of Leeds Business School at Leeds Beckett, says, "Unilever's achievement, not only in winning the overall award twice but also in being a

constant presence near the top of the table, is testimony to the value of a good reputation, nurtured carefully over many years.

"Like individuals, companies have personalities and reputations," says Prof Brown. "A company's reputation is based on how people think and feel about a company.

"What better way to access 'Britain's Most Admired Company' than to ask a peer group of senior executives and analysts about their thoughts and feelings of a company. The survey attempts to capture the tacit knowledge of these two key constituent groups whose jobs rely on their knowing about other companies within the industry sector.

"It is the company senior executives and the city investment analysts who should know about these companies and the research attempts to gather their perceptions across a series of characteristics that, when added together, provides a measure of the reputation of the company. Following the revelations from VW, reputation can take a very long time to build but a very short time to lose," said Prof Brown.

Britain's Most Admired Leader: Dame Carolyn McCall, CEO, easyJet

After five years in post, McCall has watched easyJet's share price quadruple. Pre-tax full-year profits are up 18% to a record £686m on revenues of £4.69bn.

The 'premium low-cost' airline carried 68.6m passengers in 2015. Load factors are well over 90%.

McCall's also shown cool handling in stormy business weather which has included ash clouds grinding the network to a halt as well as fuel and currency crises – and those were in her first few months.

Her leadership sets easyJet's moral compass and is turning it into a world-beating brand.

She's the architect of why people trust easyJet and vote for it in their droves with their cash and she's understated about it all – crediting her team at every turn.

"I am genuinely honoured by this award but this is about the great people at easyJet and the huge team effort they have made over the last five years. It's a real vote of confidence in easyJet," says McCall.

The Happiest Team In The Skies

easyJet's flat hierarchy means every member of the team can decide how best to deliver on the company's customer experience. That's key as modern consumer expectations continue to climb to stratospheric levels. The team enjoys their work according to IPSOS MORI which tracks employee engagement. Against all the other airlines in the world, easyJet leads by 19 points in terms of employee engagement.

Flat hierarchies also keep costs low. easyJet has no grand offices. They're all open plan. Quiet conversations take place in local coffee shops.

Commitment to keeping customer service standards high can be seen in the £2.75m Gatwick crew training centre.

Which Variables Drive Reputation?

The winners are chosen by the people who make it their business to critique the company or leader – their competitors. They rate you as a leader and a company against a range of nine variables.

Some variables are created more equal than others. Consistently the heavyweight variables are: quality of management, quality of products and services and financial soundness – variables which have improved across the airline sector as a whole:

Social and environmental variables consistently lack acclaim in the reputation metrics.

Over the years, the airline industry's reputation metrics have increased steadily. Whereas the consumer goods industry

has been fairly balanced in their ranking since the credit crisis.

The overall average, for all nine variables, has always been rated a seven or higher. However, both Next and JLP achieved significantly higher ratings than Unilever.

Dame Carolyn's Recipe For Reputational Success

The most powerful business lesson Dame Carolyn's learned, "You have to have a clear vision and then make decisions quickly, particularly about people because you need to have the right people in the right roles."

Team Power

"My guiding principles are to treat people as you'd like to be treated. You deliver profits to shareholders while having great power to do some good such as providing a service like no other in an enjoyable work environment," says Dame Carolyn.

Dame Carolyn's approach to building trust among her team: "You tell them the truth even if it's unpalatable. You're always open and accessible – people know they can always talk to you even about the stuff that's not easy to hear."

That culture is articulated in easyJet's values: safety, pioneering, one team, passion, integrity and simplicity.

It's a culture attuned to modern teams' hearts and minds which bring plenty of discretionary effort and talent to any business. One where the leaders encourage colleagues to challenge the status quo.

Anyone who has flown easyJet knows they have a reputation for keeping their promises – they've made air travel easy and affordable without compromising service. It's the team's discretionary effort and talent which makes the difference between easyJet delighting its customers or the gap growing between what they promise and deliver.

easyJet vs the world's biggest – Delta

By market capitalisation, Delta is the world's largest airline (\$40bn in Oct 2015 with \$10bn profit). It's done it by focusing on its culture.

Its philosophy is treat your team with respect and they'll look after your customers. They started with the employee conference Velvet series in 2006 which has since become a symbol of the Delta mindset.

Values guiding that culture include:

striving to be humble, remembering where you came from, having a sense of humility, as well as maintaining a collaborative approach to 'climbing even higher'.

That culture has guided investments as diverse as an oil-refinery subsidiary, with international partners (Virgin Atlantic, Aeromexico and China Eastern) and reshaped its loyalty programme. It's now looking to develop its services in Brazil and China.

As with all dynamic cultures, Delta's is both 'bottom-up' as it is 'top-down'. Its US mainline operation recently went 200 days without experiencing a single cancellation – a first for any US airline.

Excellence Is Not Gender-Specific

A powerful role model for women climbing the corporate ladder, Dame Carolyn was surprised that in its 25-year history, this is the first time the Most Admired Leader has been awarded to a woman.

"Winning this award is an honour whether you are a man or a woman but I hope this will inspire more women and that they will want to be in business and to do it their way - be leaders of companies in their way," says Dame Carolyn McCall.



Angela Podmore MCIPR started at Saatchi & Saatchi and founded Kinetic 20 years later. Reputation engineers, Kinetic has pioneered ways to guarantee results in building trustworthy reputations. In its 12-year history, Kinetic's always delivered on its guarantee. Its ISO 9001-certified services include content creation and dissemination across traditional print and emerging digital media. Its values are: challenging, rigorous, sincere, pioneering, delight. Visit www.kineticpr.co.uk